

Wisconsin Economic Outlook

Fall 2011

AT A GLANCE

While the economy continues to grow, the national economy has weakened since spring and Wisconsin's economic outlook has weakened as a result:

- In the 19 months of the recovery since February of 2010, 42,800 jobs were recovered in Wisconsin, a quarter of the jobs lost in the recession. The forecast expects Wisconsin employment to grow 1.1% in 2011, after declining for three consecutive years.
- Wisconsin personal income grew 3.8% in 2010, compared to 3.7% nationally. Wisconsin personal income should grow 5.2% in 2011 and 3.3% in 2012 and 2013.
- Manufacturing employment recovered almost a third of the jobs lost in the recession. The forecast expects strong manufacturing employment growth this year, but the recovery will moderate, showing growth close to 2.0% between 2012 and 2014.

WISCONSIN OVERVIEW

Since our Spring Outlook, several recent developments contributed to a weaker growth outlook for the national economy. These include continuing weak domestic demand, the loss of federal fiscal stimulus to the housing sector, weak readings for the manufacturing sector, the debt ceiling impasse, renewed domestic financial turmoil, renewed European debt problems, and weaker employment growth in the last four months.

The Wisconsin economy grew 2.5% in 2010, about the same as the 2.6% growth

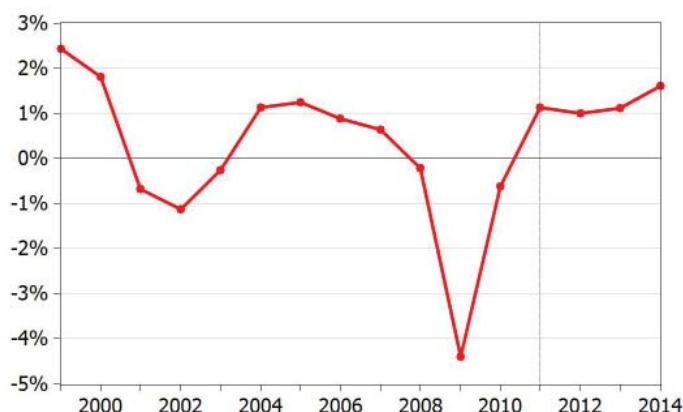
of the Great Lakes region, according to the state real GDP published by Bureau of Economic Analysis (BEA) in early June. The U.S. grew 2.9% in 2010. Wisconsin state real GDP remains 1.4% below its 2007 peak. The forecast expects modest continuing growth through the forecast period.

The IHS Global Insight U.S. forecast anticipates weak growth, but not a full recession. Their forecast emphasizes the economy's vulnerability to shocks. The forecast makes two critical assumptions to avoid a double dip recession. The first is that the 2% federal payroll tax cut

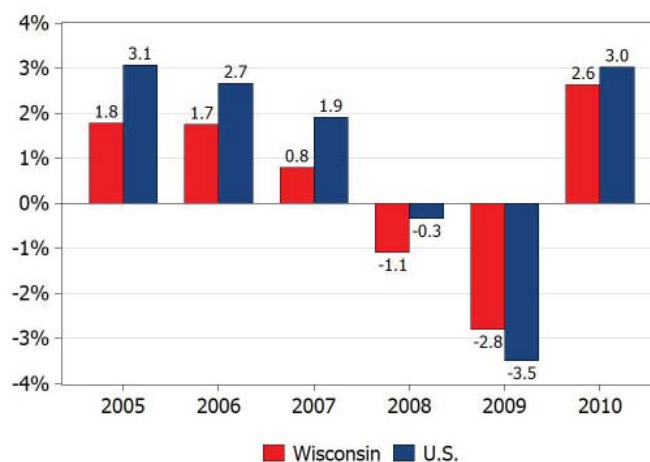
and emergency unemployment insurance benefits are extended for 2012 and then phased out over several years. The second key assumption is that the sovereign debt problems in the Eurozone do not become financial and banking crises. These same assumptions constitute the major risks to the forecast. Failure to extend the tax cut and unemployment benefits will reduce domestic demand through lower disposable personal income.

Current uncertainty, flat real wages, weak employment growth and tight credit all suppress domestic demand. The weak domestic demand suppresses hiring. During

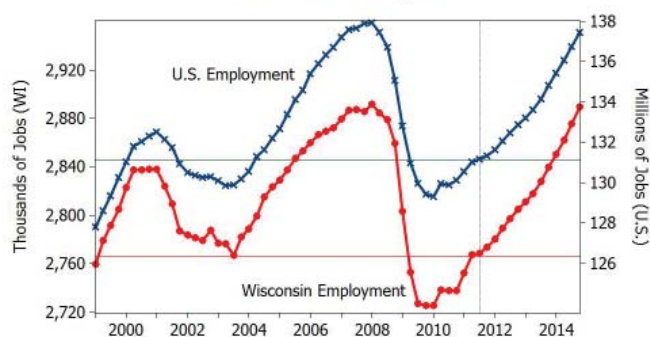
Wisconsin Employment Growth



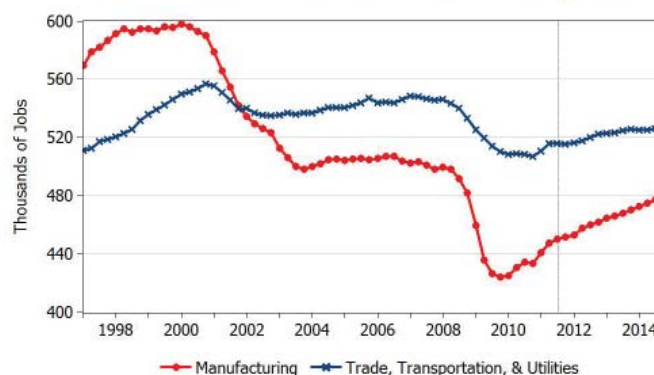
Real GDP Growth



Wisconsin Employment Is At Levels Seen Twelve Years Ago in 1999



Employment in the Largest Two Employment Sectors Will Not Recover Its Previous Peak Level by Late 2014



the recession Wisconsin lost 171,000 jobs. In the 19 months of the employment recovery since February of 2010, 42,800 jobs were recovered, a quarter of the jobs lost. The forecast expects Wisconsin employment to grow 1.1% in 2011, after declining for three consecutive years.

Wisconsin personal income grew 3.8% in 2010, rebounding from a 2.7% decline in 2009. Income is projected to grow 5.2% in 2011. Adjusting for inflation, real personal income increased 2.0% in 2010 and will grow 2.7% in 2011. Moderate income growth of 3.3% should continue in 2012 and 2013. Wages and salaries grew 1.8% in 2010 after falling 4.5% in 2009. After adjusting for inflation, real wages saw no change in 2010. Wages should grow 4.2% in 2011 and return to mild growth below 4.0% during 2012 and 2013.

EMPLOYMENT

In the nineteen months since the employment recovery began, Wisconsin has recovered a quarter of the jobs lost in the past recession. The pace of the recovery has slowed in recent months for Wisconsin and nationwide. Weak demand, high unemployment, job insecurity, tight credit, and a sluggish housing market create challenges. Most of these issues will persist, constraining the pace of the recovery going forward. The forecast expects employment to grow 1.1% in 2011 and 1.0% in 2012.

The state economy followed the national economy into the recession in 2007, and its

recovery is similarly linked to the national economy. Under current projections, total Wisconsin employment will not return to its 2008 peak level of 2.9 million jobs until early 2015. Meanwhile, population should grow at 0.5% per year, slightly lower than the last decade. This means that by 2015 there will be 200,000 more people living in the state, but the same number of jobs as early 2008.

Employment Sectors

Most of the Wisconsin jobs lost in the recent recession came from two of the state's largest sectors: Manufacturing (84,700) and Trade, Transportation and Utilities (42,000). Manufacturing is also the sector that has added the most jobs (26,800) in the recovery.

Manufacturing has now recovered almost a third of the jobs lost in the recession. Jobs in the manufacturing sector grew 3.8% in the first half of 2011 when compared to the previous year. This strong year-over-year growth continued in July and August but at a slightly lower rate, posting 3.4% and 3.5% respectively. The forecast expects strong manufacturing employment growth this year, but the recovery will moderate between 2012 and 2014, showing growth close to 2.0%. In spite of this sustained growth, employment in this sector by the end of 2014 will still be 27,500 jobs short of its previous peak eight years before (see chart below).

Trade, Transportation and Utilities, Wisconsin's largest employment sector, continued losing jobs until October of last

year and added just 11,400 jobs since then, mostly in the Trade subsector. Employment in this sector is now at 1997 levels for Wisconsin and the nation alike. The forecast calls for employment in this sector to grow 1.2% in 2011 and close to 1.0% in 2012 and 2013. Employment in the Trade, Transportation and Utilities sector peaked at the beginning of 2007 and it will still be 4% below that level by the end of 2014.

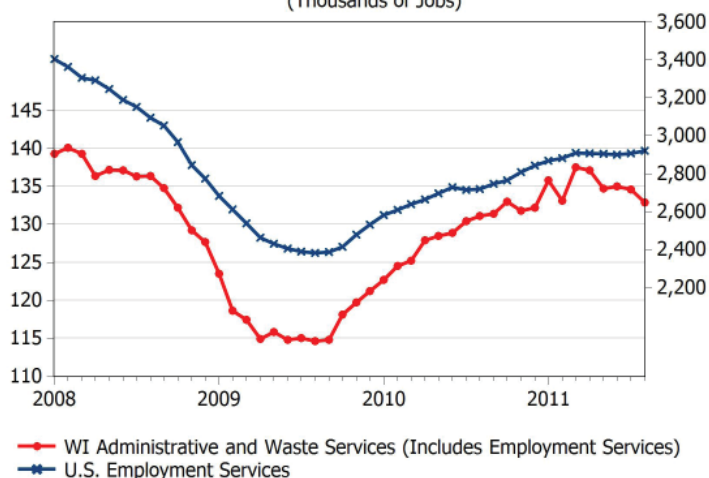
The **Education and Health Services** sector was the only private sector not to fall during the recession, helped by growth in health care. The sector accounted for 9,200 of the jobs created since January of 2010. The forecast calls for strong employment growth of 1.7% and 2.3% in 2011 and 2012.

Professional and Business Services employment hit bottom early in July 2009, having lost 30,900 jobs since February of 2008. It has recovered 12,900 jobs through August 2011. However, after posting continuous jobs gains until late 2010, the last ten months have been a mixed bag of gains and losses. This sector includes temporary jobs, usually a leading indicator of future employment growth. The subsector which includes temporary jobs lost momentum in the last months, showing a flat trend at the national level and a declining trend at the state level (see chart). This corresponds with the weak monthly employment reports of the last several months and suggests a slow recovery pace for the second half of the year.

The forecast calls for a mild recovery of the Professional and Business Services

Temporary Jobs, Usually a Leading Indicator, Has Flattened Nationwide and Declined in Wisconsin In The Last Months

(Thousands of Jobs)



sector during 2011. The sector should reach its pre-recession employment level by the end of 2013. The forecast calls for employment growth of around 1.0% in 2011 and 2012 before resuming a stronger growth trend in 2013.

The **Other Services** sector posted small job losses in 2009 (-0.7%) and 2010 (-0.4%) and it posted extraordinary strong jobs growth in the first two quarters of 2011. This is the only sector that has already added more jobs than those it lost during the recession. The forecast calls for strong growth of 4.5% in 2011, followed by moderate growth rates around 0.6% in the next three years.

Employment in **Leisure and Hospitality** reached its peak ten months before the beginning of the recession in February of 2007. The sector lost more than 14,000 jobs during the recession. It now shows a moderate and bumpy recovery with 6,200 jobs added since January of 2010. Leisure and Hospitality jobs will increase 0.8% in 2011. The forecast calls for growth rates of 2.2% in 2012 and 0.5% in 2013.

Jobs in the **Financial Activities** sector continue to decline every month, and current news about coming layoffs in the sector are not promising. However, Wisconsin does not rely heavily on this industry. It accounts for less than 6% of state employment. The sector lost 10,700 jobs since mid-2008. The forecast calls

for more job losses in 2011 and almost no change in 2012. By the end of 2014, employment in financial activities will still be more than 6% below its peak level in mid 2008.

Wisconsin employment in the **Construction** sector peaked at the beginning of 2006 at 129,700 jobs. It has been declining ever since and reached a new low in the second quarter of 2011 at 88,300 jobs. The share of Construction jobs of all Wisconsin jobs declined from 4.5% in 2006 to just 3.2% in 2011. This means that one out of three construction workers lost their job in the past five and a half years.

The outlook calls for two more years of Construction job losses, reaching bottom by the end of 2012. After this prolonged declining trend, construction employment will grow 0.9% in 2013. Despite an expected strong growth rate of 7.9% in 2014, by the end of the forecast period, the number of construction jobs will be just three quarters of its level at the peak nine years earlier.

Employment in the **Information** sector seems to have hit bottom in 2010 and the first half of 2011 shows small improvements. The forecast expects growth of 0.8% in 2011 and a decline of 0.7% in 2012 before returning to moderate growth during the last two years of the forecast period.

The **Natural Resources and Mining** sector accounts for only 0.1% of total employment in Wisconsin. Employment in this sector declined the last five years but is expected to grow 1.5% in 2011.

The **Government** sector posted small job losses in 2009 and 2010. The outlook calls for declines of 0.3% in 2011 and 0.9% in 2012 with losses at the Federal and State and Local Government levels. Government employment will be flat in 2013, showing a mild increase of 0.7% in 2014. By the end of the forecast period, Government employment will still be lower than its peak six years earlier.

UNEMPLOYMENT

The Wisconsin seasonally adjusted **unemployment rate** rose from 4.3% in the first quarter of 2008 to 8.8% in mid 2009 but retreated to 7.4% in early 2011. However, the unemployment rate has increased since May of 2011 as national economic growth has slowed. In August, the unemployment rate increased to 7.9%, still below the national level of 9.1%.

The forecast calls for an unemployment rate of 7.7% in 2011 and 7.8% in 2012. By the end of the forecast period, the Wisconsin unemployment rate will be 6.8%, higher than its pre-recession level, but lower than the 8.1% national unemployment rate.

HOUSING

The housing sector is still struggling after the expiration of the federal homebuyers' tax credit in mid 2010. IHS Global Insight expects a modest improvement in U.S. housing starts during 2012. However the outlook for the housing sector has significantly deteriorated since our last Outlook.

According to the Wisconsin Realtors Association (WRA), **existing home sales** fell 7.0% in 2010 and 17% in the first half of 2011. These large declining rates were distorted by the end of the federal homebuyers' tax credit in mid 2010. However, the number of homes sold in the first eight months of 2011 was at record lows with an average of 4,360 homes sold per month. The median home price in the first eight months of 2011

declined 7.7% from the previous year to an average of \$130,900.

Wisconsin **building permits** have been declining since their peak at 42,700 annual permits in the last quarter of 2003. Wisconsin permits bottomed in the first quarter of 2009 at 8,700 annual permits, just 20% of the number reached at the peak. The federal homebuyers' tax credit has helped permits remain around the 12,000 level for the last two years. This low number of housing building permits was only briefly seen during the early 80s recession.

Wisconsin building permits should have hit bottom by mid-2011. The recovery will be very mild until 2013. Wisconsin building permits will increase 8.4% in 2011 and 9.3% in 2012, but the level of permits in 2012 (13,900) will still be just a third of its 2003 peak levels. Stronger recovery will return in 2013; permits will grow 39% in 2013 and 2014, reaching a level of 29,700 permits by the end of the forecast period.

Wisconsin **foreclosures** in the first half of 2011 declined 5% from the previous year. Wisconsin accounted for just over 1% of the 1.2 million foreclosure filings reported nationwide for the first half of 2011. Foreclosures nationwide declined 29% from the previous year, with one out of every 111 households in foreclosure.

PERSONAL INCOME

BEA released revised state personal income data on September 22nd. After falling for the first time in 50 years during 2009, Wisconsin personal income resumed growth in 2010. Wisconsin personal income fell 2.7% in 2009 and grew 3.8% in 2010. This compares to a decline of 4.3% in 2009 and an increase of 3.7% nationwide.

The outlook calls for Wisconsin personal income to grow 3.3% in 2012 and 2013, somewhat below the forecasted growth of national personal income. These growth rates are below the growth seen in previous recoveries.

When the impact of inflation is taken into account, **real personal income** declined 2.9% in 2009 and increased 2.0% in 2010. Inflation, as measured by the personal consumption expenditures price index, advanced 1.8% in 2010. The slow recovery will keep inflation low the following years, advancing 2.5% in 2011, 1.5% in 2012 and 1.7% in 2013.

Wisconsin real personal income will then grow 2.7% in 2011 and 1.7% in 2012, compared to 2.8% and 2.0% increases nationwide, respectively.

Personal Income Components

Wisconsin and U.S. nominal wages and salaries declined in 2009 as a result of drastic employment losses and the lowest increase in wages in the last 50 years.

Wisconsin **wages and salaries** fell 4.5% in 2009 in Wisconsin and 4.3% nationwide. Wages and salaries account for slightly more than half of total personal income. The share of wages on personal income reached its lowest level ever in the first quarter of 2011 at 51.4%. Wisconsin wages and salaries fell 5.5% from its peak in the first quarter of 2008 to its low in the last quarter of 2009.

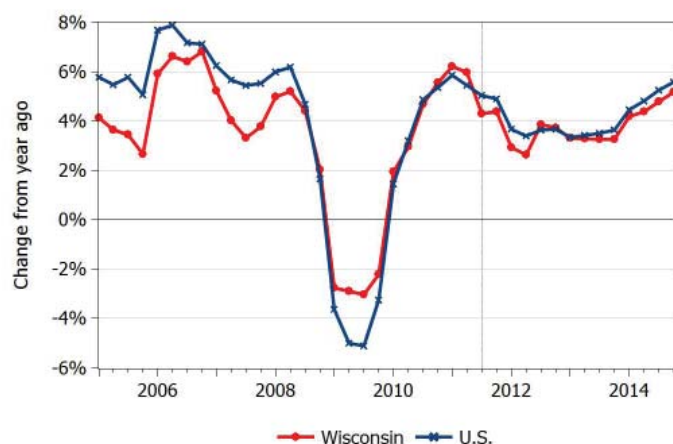
Wisconsin **wages and salaries** resumed year-over-year growth in the second quarter of 2010. Wage growth should be moderate over the coming years, 4.2% in 2011, 3.4% in 2012 and 3.9% in 2013.

Supplements to wages and salaries¹ grew 1.8% in 2010. The growth in supplements to wages and salaries should moderate the next two years, growing 1.8% in 2011 and 2.3% in 2012. Stronger growth above 4.5% is expected for 2013 and 2014.

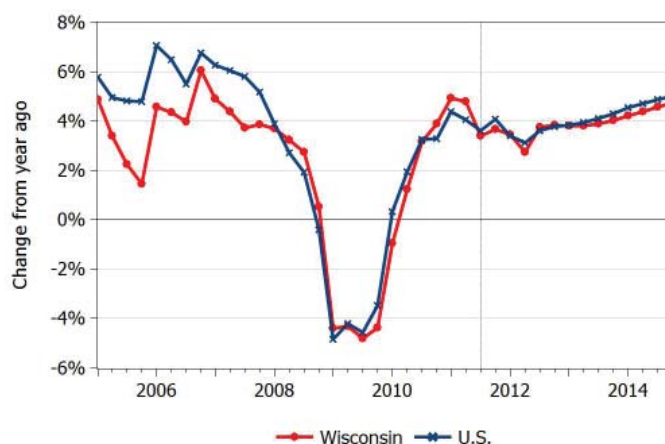
Proprietors' income posted strong

¹ This component of personal income consists of employer contributions for employee pension and insurance funds and employer contributions for government social insurance.

Personal Income Growth



Wages Growth



growth (21.1%) in 2010 after three consecutive years of declines. This year should remain strong at 9.6% growth, before slowing to growth below 3.0% the next two years.

Rental income grew 16.2% after two years of strong gains. The forecast expects another year with gains of 15.7% followed by a declining trend throughout 2014.

Dividend income fell 13.1% in 2009 but grew 16.6% in 2010, already surpassing its pre-recession level. The forecast expects dividend income to grow 6.6% in 2011 and 8.0% in 2012.

Interest income fell 6.7% in 2009 and 0.8% in 2010; this decline is largely due to the Federal Reserve's policy of easing interest rates in response to the economic crisis. There should be a small gain of 3.9% in 2011. Personal interest income will post strong growth, above 8.6%, for the next three years.

Personal current transfer receipts jumped 22.1% in 2009, as expected, given

the magnitude of the past recession and the significant increase in unemployment. Unemployment Insurance Compensation payments grew 146% in 2009 following the surge in the unemployment rate from 4.8% in 2008 to 8.5% in 2009. Personal transfers consist largely of payments to individuals and to nonprofit institutions by federal, state, and local governments. Social security payments and Medicare account for more than 60% of Wisconsin personal current transfers. Following the national trend, Wisconsin personal current transfer receipts increased 5.4% in 2010 and will grow 1.9% in 2011. Transfer receipts will return to normal growth rates in the next three years.

Related Income Measures

Wisconsin **disposable personal income** (total after-tax income received by persons available for spending or saving) fell 0.6% in 2009, despite the decline in personal taxes under the federal fiscal recovery package. Personal tax payments declined 18.9% in 2009 and grew 3.0% in 2010.

Wisconsin disposable personal income should grow 4.6% in 2011 and 3.3% in 2012 and 2013.

State Gross Domestic Product (GDP) data is released on an annual basis. The latest data show that Wisconsin real GDP fell 1.1% in 2008 and 2.8% in 2009. Real GDP resumed to growth in 2010 posting a growth rate of 2.6% in Wisconsin and 3.0% nationwide.

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BACKGROUND: U.S. ECONOMY

IHS Global Insight, Inc (September 2011)

GDP	2007	2008	2009	2010	2011	2012	2013	2014
Real GDP (\$ Billions, 2005 Dollars)	13,206.4	13,161.9	12,703.1	13,088.0	13,283.7	13,519.0	13,835.8	14,303.0
% Change	1.9	-0.3	-3.5	3.0	1.5	1.8	2.3	3.4
GDP (\$ Billions, Current Dollars)	14,028.7	14,291.6	13,938.9	14,526.6	15,052.0	15,507.0	16,091.5	16,923.8
% Change	4.9	1.9	-2.5	4.2	3.6	3.0	3.8	5.2
Employment and Prices								
Payroll Employment (Thousands)	137.6	136.8	130.8	129.8	131.0	132.3	133.9	136.4
% Change	1.1	-0.6	-4.4	-0.7	0.9	1.0	1.3	1.8
Unemployment Rate	4.6	5.8	9.3	9.6	9.1	9.2	8.9	8.1
Consumer Price Index (% Change)	2.9	3.8	-0.3	1.6	3.2	1.7	1.8	2.0
Employment Cost Index (% Change)	3.1	2.9	1.4	1.9	2.3	2.3	2.3	2.6
Industrial Production (% Change)	2.7	-3.7	-11.0	5.3	3.7	2.0	2.9	4.2
Retail Gasoline Prices (incl. Taxes, \$/gallon)	2.85	3.32	2.40	2.84	3.59	3.55	3.68	3.72
Financial Markets								
Three Month Treasury Bills (%)	4.4	1.4	0.2	0.1	0.1	0.1	0.1	1.3
30-Year Fixed Mortgage Rate (%)	6.3	6.0	5.0	4.7	4.5	4.3	4.4	5.0
Income and Profits								
Personal Income (\$ Billions)	11,912.3	12,460.2	11,930.2	12,373.5	13,028.6	13,495.9	13,964.9	14,667.7
% Change	5.7	4.6	-4.2	3.7	5.3	3.6	3.5	5.0
Wages & Salaries (\$ Billions)	6,421.7	6,550.9	6,270.4	6,408.2	6,666.3	6,897.8	7,176.7	7,519.4
% Change	5.8	2.0	-4.3	2.2	4.0	3.5	4.0	4.8
Corporate Profits, Before Tax (\$ Billions)	1,510.7	1,248.4	1,362.0	1,800.1	1,929.2	1,937.2	1,997.2	2,086.5
% Change	-6.0	-17.5	12.8	33.4	7.2	0.4	3.1	4.5

Downward revisions to GDP and weak growth during the first two quarters of 2011 have led to a downgrade of the forecast since spring.

Commodity prices have come down off their recent highs. Inflation pressures should ease in the second half of the year.

To date, there is still no sign of a pickup in housing. IHS Global Insight expects a modest improvement in housing starts during 2012.

Key Assumptions of Global Insight's September 2011 Forecast:

- The debt-ceiling deal leads to discretionary budget cuts but no real plan for long-term deficit reduction.
- The 2% payroll tax cut and emergency unemployment benefits are extended through 2012 and are then phased out over several years.
- Modest and temporary oil-price pullback. Oil prices will average \$90/barrel in the third quarter of 2011 and \$91 in the fourth quarter, rising to \$98/barrel during 2012.
- Federal Reserve will hold rates near zero until January 2014.
- The dollar will continue to slide against emerging-market currencies.
- Global growth slowing. GDP growth of the U.S.'s major trading partners slows, from 2.7% in 2010 to 1.7% in 2011 and 1.9% in 2012.

Final Fiscal Year 2011 Revenue Collections

Total General Purpose Revenues (GPR) totaled \$12,911.9 million in fiscal year 2011 (FY11). This is an increase of 6.4% over fiscal year 2010 revenues. The year ended \$12.8 million below (or 0.1% below) the Legislative Fiscal Bureau's (LFB's) May 2011 forecast of \$12,924.7 million.

Individual Income Tax revenues ended the fiscal year at \$6,700.6 million, an increase of 10.0% over FY10. This is \$10.6 million above forecast (or 0.2% above forecast).

- Collections of withholding, the largest component of the individual income tax, increased 4.6% over the prior fiscal year to \$6.6 billion. Excluding pass-through withholding, withholding increased 4.7%.
- Quarterly estimated taxes increased 11.2%, while payments with returns grew 26.3%.
- Refunds declined 5.7% when compared to the prior year.

Sales Tax revenues ended the fiscal year at \$4,109.0 million, a 4.2% increase over FY10. This is \$19.0 million above forecast (0.5% above forecast). Excluding Menasha refunds, sales tax revenues increased 3.6% in FY11.

Corporate Income Tax revenues ended the fiscal year at \$852.9 million, 2.2% greater than revenues in FY10. This is \$27.1 million below forecast (3.1% below forecast).

- Estimated taxes increased 3.9% over the prior year. Excluding pass-through withholding, estimated taxes increased 3.1%.
- Return payments dropped 12.7%, while refunds declined 14.6%.

Excise Tax revenues totaled \$720.8 million at the end of FY11, a decrease of 4.9%. This is \$16.1 million below forecast (2.2%), mostly on smaller-than-expected cigarette tax revenues.

- Cigarette tax revenues declined 6.1% in FY11. The number of packs sold declined 9.4%.
- Tobacco products tax revenues increased 1.7%, while the liquor tax rose 3.7%. Beer tax revenues rose 2.9%.

Public Utility Tax revenues rose 6.9% to \$341.3 million in FY11. This is \$1.8 million above forecast.

Insurance Premium revenues totaled \$140.0 million in FY11, a 7.1% increase over FY10. This was \$451,000 over forecast.

Miscellaneous revenues declined in FY11 to \$47.3 million. This category is mostly the real estate transfer fee, which declined 19.8%. This category was \$1.3 million below forecast.

General Purpose Revenue (GPR) Collections, FY2011

Amounts in Thousands (\$), rounded

	Actual FY 2010	LFB Estimate May 2011	Actual FY 2011	Variance From Estimate
Individual Income	6,089,170	6,690,000	6,700,646	10,646
General Sales and Use	3,944,187	4,090,000	4,109,019	19,019
Corporate Income/Franchise	834,479	880,000	852,863	(27,137)
Public Utility	319,377	339,500	341,343	1,843
Excise Taxes	757,947	737,100	720,847	(16,253)
Cigarette	644,269	620,000	604,831	(15,169)
Tobacco Products	59,887	61,600	60,885	(715)
Liquor and Wine	44,182	46,000	45,804	(196)
Beer	9,609	9,500	9,327	(173)
Estate	871		(128)	(128)
Insurance	130,718	139,500	139,951	451
Miscellaneous	54,910	48,600	47,323	(1,277)
Total	12,131,659	12,924,700	12,911,864	(12,836)

APPENDIX 1

WISCONSIN EMPLOYMENT FORECAST: INDUSTRY DETAIL
(THOUSANDS OF WORKERS)

	History				Forecast			
	2007	2008	2009	2010	2011	2012	2013	2014
Total Nonfarm	2,884.8	2,878.6	2,752.1	2,734.8	2,765.4	2,792.8	2,824.1	2,869.2
% Change	0.6	-0.2	-4.4	-0.6	1.1	1.0	1.1	1.6
Private Nonfarm	2,468.6	2,456.6	2,331.5	2,314.5	2,346.2	2,377.5	2,408.3	2,450.7
% Change	0.7	-0.5	-5.1	-0.7	1.4	1.3	1.3	1.8
Natural Resources & Mining	3.7	3.4	3.0	2.9	3.0	2.9	2.9	3.0
% Change	-6.8	-7.1	-12.3	-1.7	1.5	-2.5	-0.7	5.2
Construction	126.0	118.4	101.7	94.2	88.2	85.2	86.0	92.8
% Change	-1.3	-6.0	-14.1	-7.4	-6.3	-3.4	0.9	7.9
Manufacturing	501.2	492.8	436.5	430.8	447.4	458.1	467.1	476.0
% Change	-0.9	-1.7	-11.4	-1.3	3.9	2.4	2.0	1.9
Trade, Transportation & Utilities	547.1	540.7	517.4	508.1	514.4	519.1	524.2	526.1
% Change	0.5	-1.2	-4.3	-1.8	1.2	0.9	1.0	0.4
Information	50.2	50.2	48.0	46.6	47.0	46.6	46.7	46.9
% Change	1.9	0.0	-4.4	-2.9	0.8	-0.7	0.2	0.4
Financial Activities	163.1	164.1	161.2	157.5	154.1	154.2	154.1	154.2
% Change	0.8	0.6	-1.8	-2.3	-2.2	0.1	0.0	0.0
Professional & Business Services	279.0	281.6	258.5	267.4	270.0	273.1	280.8	297.2
% Change	3.0	0.9	-8.2	3.5	1.0	1.1	2.8	5.9
Education & Health Services	398.8	406.8	414.6	418.2	425.1	434.9	440.8	447.2
% Change	1.7	2.0	1.9	0.9	1.7	2.3	1.3	1.5
Leisure & Hospitality	262.0	259.5	252.6	251.3	253.3	258.8	260.2	260.9
% Change	1.0	-1.0	-2.6	-0.5	0.8	2.2	0.5	0.3
Other Services	137.6	139.1	138.0	137.4	143.7	144.6	145.5	146.4
% Change	1.2	1.0	-0.7	-0.4	4.5	0.7	0.6	0.6
Government	416.2	422.0	420.6	420.3	419.2	415.3	415.8	418.6
% Change	0.2	1.4	-0.3	-0.1	-0.3	-0.9	0.1	0.7
Federal Government	29.2	29.6	30.1	31.2	28.7	28.2	27.5	26.9
% Change	0.0	1.3	1.6	3.7	-8.0	-1.9	-2.6	-2.1
State & Local Government	387.0	392.4	390.5	389.1	390.5	387.2	388.3	391.7
% Change	0.2	1.4	-0.5	-0.4	0.4	-0.9	0.3	0.9
Household Survey Employment Measures								
Labor Force	3,094.3	3,081.9	3,081.6	3,040.0	3,061.2	3,075.3	3,087.3	3,103.9
% Change	0.7	-0.4	0.0	-1.4	0.7	0.5	0.4	0.5
Employment	2,947.4	2,932.7	2,820.5	2,793.6	2,826.3	2,834.0	2,856.6	2,894.3
% Change	0.6	-0.5	-3.8	-1.0	1.2	0.3	0.8	1.3
Unemployment Rate (%)	4.7	4.8	8.5	8.1	7.7	7.8	7.5	6.8

APPENDIX 2

WISCONSIN EMPLOYMENT FORECAST: INDUSTRY DETAIL

(THOUSANDS OF WORKERS)

Quarterly Data (Seasonally Adjusted, % Change at an Annual Rate)

	History				Forecast			
	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4	2012:1	2012:2
Total Nonfarm	2,737.8	2,737.8	2,752.0	2,767.5	2,768.3	2,773.6	2,780.2	2,789.1
% Change	0.0	0.0	2.1	2.3	0.1	0.8	1.0	1.3
Private Nonfarm	2,318.3	2,319.0	2,333.0	2,348.2	2,348.3	2,355.2	2,363.5	2,373.8
% Change	0.7	0.1	2.4	2.6	0.0	1.2	1.4	1.8
Natural Resources & Mining	2.9	2.9	2.9	3.0	3.0	3.0	2.9	2.9
% Change	-8.7	0.0	0.0	14.5	3.5	-5.1	-5.3	-5.0
Construction	92.8	92.1	88.6	88.5	88.4	87.3	86.2	85.3
% Change	-9.3	-3.0	-14.1	-0.5	-0.7	-4.7	-5.1	-4.1
Manufacturing	434.2	433.4	441.0	447.2	450.1	451.4	452.8	457.7
% Change	3.3	-0.7	7.2	5.7	2.6	1.2	1.3	4.4
Trade, Transportation & Utilities	508.3	506.9	510.5	516.0	515.7	515.3	516.4	517.8
% Change	-0.5	-1.1	2.9	4.4	-0.2	-0.3	0.8	1.1
Information	46.7	46.7	46.7	47.3	46.9	46.9	47.0	46.7
% Change	2.0	-0.3	0.6	4.6	-2.9	0.3	0.6	-2.9
Financial Activities	157.4	155.8	156.1	155.1	152.9	152.4	153.7	154.2
% Change	-1.3	-4.0	0.7	-2.5	-5.6	-1.2	3.5	1.3
Professional & Business Services	269.9	269.7	272.0	271.1	267.0	270.0	271.3	272.6
% Change	4.4	-0.3	3.5	-1.3	-5.8	4.6	1.9	1.8
Education & Health Services	418.4	419.6	420.3	425.4	425.9	429.0	431.6	434.0
% Change	1.0	1.2	0.7	4.9	0.5	2.9	2.4	2.2
Leisure & Hospitality	250.8	253.2	252.3	250.4	254.6	255.7	257.1	258.3
% Change	-0.7	3.8	-1.4	-2.9	6.9	1.7	2.2	2.0
Other Services	137.0	138.8	142.6	144.2	143.7	144.1	144.4	144.4
% Change	0.1	5.6	11.4	4.6	-1.4	1.0	0.9	-0.1
Government	419.4	418.9	419.0	419.3	420.1	418.4	416.7	415.3
% Change	-3.9	-0.5	0.1	0.3	0.7	-1.5	-1.6	-1.4
Federal Government	30.5	29.2	28.8	28.7	28.7	28.7	28.5	28.3
% Change	-43.8	-16.0	-6.2	-0.9	0.0	-0.3	-2.9	-2.8
State & Local Government	388.9	389.6	390.2	390.6	391.4	389.8	388.3	387.0
% Change	0.6	0.8	0.6	0.4	0.8	-1.6	-1.5	-1.3

Household Survey Employment Measures

Labor Force	3,030.7	3,041.5	3,051.3	3,068.7	3,057.6	3,067.2	3,073.1	3,073.8
% Change	-2.4	1.4	1.3	2.3	-1.4	1.3	0.8	0.1
Employment	2,793.0	2,809.5	2,825.0	2,839.9	2,817.0	2,823.1	2,829.3	2,831.4
% Change	-0.8	2.4	2.2	2.1	-3.2	0.9	0.9	0.3
Unemployment Rate (%)	7.9	7.6	7.4	7.4	7.9	8.0	7.9	7.9

APPENDIX 3

WISCONSIN INCOME SUMMARY
PERSONAL INCOME BY MAJOR SOURCE
(\$ Billions)

	History				Forecast			
	2007	2008	2009	2010	2011	2012	2013	2014
Total Personal Income	206.648	215.207	209.348	217.265	228.551	236.050	243.776	255.087
% Change	4.1	4.1	-2.7	3.8	5.2	3.3	3.3	4.6
Wages and Salaries	113.484	116.358	111.147	113.169	117.899	121.954	126.690	132.355
% Change	4.2	2.5	-4.5	1.8	4.2	3.4	3.9	4.5
Supplements to Wages and Salaries	25.805	27.146	27.228	27.727	28.213	28.855	30.163	31.644
% Change	-1.4	5.2	0.3	1.8	1.8	2.3	4.5	4.9
Proprietor's Income	15.112	14.236	12.654	15.323	16.791	17.271	17.640	18.458
% Change	-3.5	-5.8	-11.1	21.1	9.6	2.9	2.1	4.6
Property Income	36.623	40.280	33.947	34.961	37.417	38.828	39.595	41.166
% Change	7.6	10.0	-15.7	3.0	7.0	3.8	2.0	4.0
Rental Income	2.367	3.803	4.748	5.515	6.379	6.310	5.445	4.814
% Change	-7.8	60.6	24.9	16.2	15.7	-1.1	-13.7	-11.6
Personal Dividend Income	13.344	13.193	11.466	13.370	14.250	15.392	17.074	17.396
% Change	7.7	-1.1	-13.1	16.6	6.6	8.0	10.9	1.9
Personal Interest Income	20.912	21.657	20.210	20.050	20.838	22.704	24.654	27.088
% Change	9.5	3.6	-6.7	-0.8	3.9	9.0	8.6	9.9
Personal Current Transfer Receipts	29.962	31.979	39.051	41.144	41.935	43.553	45.231	48.118
% Change	7.9	6.7	22.1	5.4	1.9	3.9	3.9	6.4
Residence Adjustment	3.673	3.789	3.446	3.570	3.807	3.964	4.144	4.361
% Change	8.3	3.2	-9.1	3.6	6.6	4.1	4.5	5.2
Contributions to Government								
Social Ins.	18.010	18.580	18.126	18.629	17.511	18.374	19.686	21.014
% Change	3.7	3.2	-2.4	2.8	-6.0	4.9	7.1	6.7
Related Income Measures								
Real Personal Income (2005 \$)	195.875	197.550	191.775	195.532	200.764	204.262	207.521	213.196
% Change	1.3	0.9	-2.9	2.0	2.7	1.7	1.6	2.7
Real Per Capita Income (2005 \$)	34,911	35,020	33,827	34,358	35,144	35,571	35,959	36,759
% Change	0.7	0.3	-3.4	1.6	2.2	1.2	1.1	2.2
Per Capita Income	36,831	38,151	36,927	38,177	40,008	41,107	42,241	43,981
% Change	3.5	3.6	-3.2	3.4	4.7	2.7	2.8	4.1
Personal Tax & Nontax Payments	24.812	25.364	20.569	21.183	23.479	24.161	24.987	25.622
% Change	6.1	2.2	-18.9	3.0	10.8	2.9	3.4	2.5
Disposable Personal Income	181.836	189.843	188.779	196.083	205.071	211.889	218.789	229.465
% Change	3.8	4.4	-0.6	3.9	4.6	3.3	3.3	4.9
GDP	237.160	239.150	239.613	248.471	255.910	262.433	270.591	281.478
% Change	3.5	0.8	0.2	3.7	3.0	2.5	3.1	4.0
Real GDP (2005 \$)	224.538	222.106	215.892	221.588	223.169	225.828	229.612	235.008
% Change	0.8	-1.1	-2.8	2.6	0.7	1.2	1.7	2.4

APPENDIX 4

WISCONSIN INCOME SUMMARY
PERSONAL INCOME BY MAJOR SOURCE
 (\$ Billions)

Quarterly Data (Seasonally Adjusted, % Change at an Annual Rate)

	History				Forecast			
	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4	2012:1	2012:2
Total Personal Income	218.996	221.011	226.105	229.034	228.378	230.686	232.714	235.023
% Change	5.3	3.7	9.5	5.3	-1.1	4.1	3.6	4.0
Wages and Salaries	114.227	114.902	116.235	118.145	118.102	119.113	120.245	121.390
% Change	5.3	2.4	4.7	6.7	-0.1	3.5	3.9	3.9
Supplements to Wages and Salaries	27.880	28.051	28.387	28.747	27.733	27.986	28.427	28.698
% Change	3.7	2.5	4.9	5.2	-13.4	3.7	6.5	3.9
Proprietor's Income	15.803	15.950	16.911	16.949	16.495	16.810	17.009	17.242
% Change	19.6	3.8	26.4	0.9	-10.3	7.9	4.8	5.6
Property Income	35.117	35.551	36.591	37.199	37.761	38.118	38.420	38.728
% Change	2.1	5.0	12.2	6.8	6.2	3.8	3.2	3.2
Personal Current Transfer Receipts	41.147	41.822	41.494	41.766	42.017	42.462	42.836	43.316
% Change	3.9	6.7	-3.1	2.6	2.4	4.3	3.6	4.6
Residence Adjustment	3.593	3.632	3.758	3.789	3.816	3.864	3.916	3.929
% Change	4.9	4.4	14.6	3.3	2.9	5.1	5.5	1.3
Contributions to Government								
Social Ins.	18.772	18.896	17.271	17.561	17.546	17.667	18.139	18.280
% Change	4.6	2.7	-30.2	6.9	-0.3	2.8	11.1	3.2
Related Income Measures								
Real Personal Income (2005 \$)	197.052	197.909	200.542	201.540	199.78	201.193	202.303	203.918
% Change	4.3	1.8	5.4	2.0	-3.4	2.9	2.2	3.2